

CALIFORNIA INVESTOR-OWNED UTILITIES RETAIL ELECTRICITY PRICE OUTLOOK 2003 - 2013

STAFF REPORT

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CALIFORNIA INVESTOR-OWNED UTILITIES RETAIL ELECTRICITY PRICE OUTLOOK 2003-2013

SUMMARY

Over the last two and a half years, investor-owned utilities have been collecting more revenue from customers than needed to cover their cost of providing electricity. It is expected that this excess revenue will be used by the investor-owned utilities to cover debt they incurred during the energy crisis of 2000-2001. Southern California Edison has completed recovering its debt and Pacific Gas and Electric Company is close to an agreement with the California Public Utilities Commission that will do the same.

Electricity rates for customers of California investor-owned utilities will be declining in 2004. Under current projections or recently approved California Public Utilities Commission decisions, ratepayers could be paying from 0.5 to 3.4 cents/kWh less in their electricity rates next year.

Southern California Edison customers will see a reduction in the rates starting September 1, 2003. These rates will be in effect for twelve months. Although rates for residential customers will decline by a little more than a cent/kWh, rates for small commercial customers will decline by as much as 3.4 cents/kWh. Although the Energy Commission staff had projected larger decreases for Southern California Edison residential and industrial customers before the July 10, 2003 California Public Utilities Commission Decision 03-07-029, the decrease for all customers is still substantial, as shown in **Table 1**.

**Table 1
Edison
2003-2004 Electricity Rates
Nominal cents/kWh**

	Residential	Commercial	Industrial	Agricultural
Current 2003	13.5	17.2	12.2	13.5
CEC Staff Projected 2004	12.0	13.8	8.6	10.3
CPUC Approved 2004	12.7	13.8	11.3	13.6

Source: CEC Staff and CPUC Decision 03-07-029

Pacific Gas and Electric Company and the California Public Utilities Commission staffs have negotiated a settlement agreement that will lower ratepayer rates starting in 2004 and will restore the utility creditworthiness. The agreement still needs ratification by the full commission. If the agreement is implemented in its current form, rates could decline by

approximately 0.5 cent/kWh for all Pacific Gas and Electric customers in 2004 and will continue to decline through 2008. The Energy Commission staff, on the other hand has projected larger reduction in rates, under a scenario where the utility drops collection of surcharges at the end of 2003. **Table 2** shows current and projected rates under both scenarios in 2004.

Table 2
PG&E
2003-2004 Electricity Rates
Nominal cents/kWh

	Residential	Commercial	Industrial	Agricultural
Current 2003	12.9	17.0	12.4	19.7
CEC Staff Projected 2004	11.0	13.4	7.9	14.3
CPUC/PG&E Settlement 2004	12.5	16.5	12.0	19.2

Source: CEC Staff and June 19, 2003 Proposed Settlement Agreement

Although Energy Commission staff foresees less than one cent/kWh rate reduction in 2004 for all customers of San Diego Gas & Electric Company, as shown in **Table 3**, the reduction will be a welcome relief after rate increases in 2000 and 2001.

Table 3
SDG&E
2003-2004 Electricity Rates
Nominal cents/kWh

	Residential	Commercial	Industrial	Agricultural
Current 2003	14.0	15.1	12.5	15.8
Staff Projected 2004	13.2	14.2	11.2	14.9

Source: CEC Staff

Retail electricity rates for all consumers in California are higher than rates for consumers in other Western states, as indicated in **Table 4**. Although typical California residential customers face higher rates than similar customers in other Western states, their bills are comparable because California residential consumers use less power than their counterparts. In contrast, commercial and industrial customers consume similar amounts in and out of State; hence commercial and industrial consumers in California face higher rates and higher bills than similar customers in other Western states. Although it is difficult for commercial customers to leave the State, industrial customers may look for alternative places to relocate their operations. This can reduce the job pool and affect the economic well being of the State.

Table 4
Electricity Rates and Bills
California and Western States
Nominal \$

		2003		2004	
		CA	WUS	CA	WUS
Residential	Rates (c/kWh)	12.3	8.0	11.3	8.3
	Bill	\$64	\$65	\$60	\$69
Commercial	Rates (c/kWh)	15.0	7.1	12.1	7.7
	Bill	\$776	\$292	\$625	\$314
Industrial	Rates (c/kWh)	11.0	5.0	8.0	5.4
	Bill	\$8,504	\$11,083	\$13,442	\$11,908

Note: California includes IOUs in this report and municipal utilities in "*California Municipal Utilities Retail Price Outlook 2003-2007*"

Source: EIA and CEC staff. Western States include Arizona, Colorado Idaho, Montana, Nevada, New Mexico Utah, Wyoming, Oregon and Washington.

INTRODUCTION

This Energy Commission staff report presents investor-owned utility (IOU) electricity retail rate projections for the 2003-2013 period. The report was prepared under the direction of the Ad Hoc Integrated Energy Policy Report Committee to support the development of the *Electricity and Natural Gas Assessment Report* under the *2003 Integrated Energy Policy Report*.

The rate outlook in this report was prepared to serve as a useful baseline for electricity consumers, market participants, regulatory decision-makers and government agencies. For example, the Energy Commission Demand Office uses this outlook as one of the inputs to the electricity demand forecast. Potential investors also use this outlook to evaluate cogeneration and energy efficiency projects. Other agencies determine their future energy budgets using this projection. This outlook is not an absolute prediction of what the future electricity rates will be, since future regulatory actions, technology development, or market changes may alter key fundamental assumptions. The projection uses the best available information and a set of assumptions the author believes probable and realistic. However, many factors influence prices. The purpose of this report is to provide consumers, market participants and policy makers with a basic potential price scenario.

The investor-owned utilities covered in this report include:

- Pacific Gas and Electric Company (PG&E)
- Southern California Edison Company (Edison), and

- San Diego Gas & Electric Company (SDG&E).

In this outlook, the staff provides estimates of retail electricity rates that typical IOU consumers may pay, given projected energy prices, utility plans and programs, regulatory decisions, and staff assumptions. Based on this analysis, the staff concludes that:

1. A substantial rate decrease is highly feasible in 2004 for Edison's customers. Rates for PG&E electricity customers will depend on the final result of the bankruptcy settlement currently under consideration by the California Public Utilities Commission (CPUC); although, the proposed settlement envisions half cent/kWh rate decrease. For SDG&E customers, however, the rate decrease should be smaller. Rates for Edison and SDG&E customers after 2004 would slowly increase to capture the cost of energy and the effect of inflation.
2. Major IOU electricity rate component costs, except for the energy surcharges, have been established for the next six years. Therefore, major cost-based rate fluctuations, except for surcharges, are unlikely.
3. Future retail electricity rates for the IOUs depend, to a certain extent, on the regulatory decisions of the Federal Energy Regulatory Commission (FERC), State Legislature, the Governor, and the California Public Utilities Commission (CPUC), rather than the spot market prices.

Under current projections, retail rates for all IOU customers will most likely decrease on or before 2004. The CPUC in a July 10, 2003 Decision 03-07-029 approved a \$1.25 billion rate reduction for a twelve month period, September 1, 2003 to September 1, 2004, for Edison's customers. The CPUC and PG&E staffs, on the other hand, have negotiated a proposed settlement agreement that will assist PG&E in restoring its creditworthiness and will lower electricity rates by approximately \$350 million in 2004. This decrease is smaller than the \$2.1 billion Commission staff has predicted assuming that all debt-related surcharges end in 2003. Alternatively, SDG&E has also been recovering enough revenues to reduce its AB 265-related undercollections. Once this is achieved in 2003, SDG&E could implement a small rate decrease in 2004.

For the rest of the outlook period, the staff estimates a slight increase in IOU rates to keep up with energy costs and inflation. However, additional changes in rates are possible anytime during the outlook period if the market circumstances change, or if FERC orders merchant generators and energy traders to refund substantial amounts to the State utilities for energy overcharges incurred during fall 2000 and winter 2001. Although in the PG&E case, the CPUC/PG&E staff proposed settlement stipulates that any refunds by FERC will be applied to reduce the balance of a regulatory asset the utility is allowed to recover from ratepayers under the settlement.

BACKGROUND

AB 1890 mandated a restructuring of the electricity industry based on the implicit assumption that electricity prices for consumers would eventually decline. Electricity rates did not decline with restructuring, instead they increased. Some expensive components of the rates still persist five and a half years after the initiation of restructuring and will continue in the rates through the outlook period.

Rates for PG&E, Edison and SDG&E customers were frozen at a 1996 level during the transition period. SDG&E, however, lifted the rate freeze on June 30, 1999. The rate freeze for PG&E and Edison continued until 2001 when the CPUC increased rates by one-cent/kWh in January and an average three-cent/kWh in May. CPUC Decision 01-03-082 authorized the second increase to recover future energy costs.

In September of 2001, Edison and the CPUC also negotiated the ***Procurement-Related Obligations Account*** (PROACT) agreement, which estimated Edison's total procurement-related liability, incurred during the energy crisis, at approximately \$6.4 billion. According to this agreement, Edison had until December 31, 2003 to recover these liabilities using agreement rates or until December 31, 2005 under other alternatives. Fortunately, lower energy costs since the signature of the agreement allowed Edison to accelerate recovery of energy crisis liability. On January 17, 2003, Edison filed an application with the CPUC to reduce its rates and end overcollection under the PROACT agreement. Subsequently, the CPUC issued Decision 03-07-029 ending the PROACT agreement and allowing Edison to lower the rates by \$1.25 billion starting September 1, 2003.

PG&E and the CPUC have been engaged in a prolonged dispute over the utility restructuring under the bankruptcy process. However, in a sign of a possible solution the CPUC and PG&E staffs have negotiated a proposed settlement agreement that will restore PG&E's creditworthiness. The agreement allows PG&E to keep approximately \$3.2 billion funds that were overcollected during 2001-2002. It also permits PG&E to keep between \$775 and \$875 million that the utility could overcollect in surcharges during 2003. Thereafter the agreement allows no more overcollections, except that PG&E would be able to amortize a \$2.2 billion regulatory asset and the associated \$944 million in taxes on electricity rates through 2012. The overall balance should be a \$350 million reduction in rates, which could reflect in a half cent rate reduction per kWh in rates in 2004. The proposed agreement will undergo scrutiny under a CPUC public proceeding. The CPUC will issue a decision on this agreement, and possible changes, by the end of 2003.

ELECTRICITY RATE COMPONENTS

IOU retail rates are the prices that consumers pay to electric utilities for electricity used. The IOUs list some of these components in their bills to customers. These rates include the costs for generation of electricity, transmission, distribution, public purpose programs, competition

transition charge (CTC), nuclear decommissioning, Department of Water Resources (DWR) bond financing, and other miscellaneous charges.

METHOD OF ESTIMATING RATES

In order to make retail electricity price projections for each utility and customer class, the staff first reviewed current retail rates to establish a benchmark. The staff relied on existing utility tariff books to identify the current rates for different customer classes. The staff then evaluated customer profiles, developed assumptions and inputs, and made projections.

The staff calculated average present rates for each customer class using existing tariff schedules. The staff then projected future rates using adjustments to each component for expected changes in CPUC authorized costs of service. These adjustments apply to generation and non-generation costs.

Table 5 lists staff's energy assumptions for a typical utility customer. The table provides monthly average electricity consumption, load factor and demand for each customer type. Actual electricity characteristics of specific customers depend on many factors such as, climate and type of facility, type of energy using equipment, and others. These assumptions may not exactly match IOU definitions of typical customers, although we received and incorporated Edison's assumptions of small and medium commercial and industrial typical customer.

Table 5
IOU Typical Customer
Monthly Characteristics

	Residential	Small Commercial	Medium Commercial	Industrial	Agricultural
Usage kWh	500	1,241	21,862	735,305	5,093
Load Factor	NA	.47	.50	.83	.35
Demand kW	NA	3.6	60	1217	20

NA: Not Applicable

Sources: Various IOU tariff schedules and websites. Edison's Small and Medium Commercial, and Industrial customers consume 835, 15,800, and 490,000 kWh per month.

Table 6 provides the rate schedules used by staff to represent five customer classes. IOUs usually divide their customers into residential, commercial, industrial, agricultural, streetlighting and other customer classes. Most customer classes contain several rate schedules. Utilities assign customers with similar consumption characteristics to a specified rate schedule. Some rate schedules have more customers than others. Staff used these rate schedules because they reflect the most common characteristics of a customer class.

Table 6
IOU Rate Schedules Representing Customer Classes

Utility	Residential	Small Commercial	Medium Commercial	Industrial	Agricultural
PG&E	E-1	A-1	A-10	E-20P	AG-1 (B)
SCE	D	GS-1	GS-2	TOU-8	PA-1
SDG&E	DR	A	AL-TOU	A6-TOU	PA

Source: Various IOU tariff schedules and utility websites.

Although the fate of the PROACT agreement is still in litigation at the State Supreme Court, staff has assumed that Edison will be allowed to use the funds the utility has already collected as specified in the PROACT agreement and on CPUC Decision 03-07-029. Staff has also assumed that PG&E will be allowed to use its surplus from energy surcharges for debt recovery. If the proposed settlement agreement between CPUC and PG&G is approved by the full CPUC, it will alter the staff's forecast. Staff has incorporated estimated rates under the agreement scenario in **Tables 7-11**.

Generation Cost

Staff used generation rates currently in tariffs as a benchmark to estimate generation costs and energy surcharges. Staff then projected the costs of four generation components: 1) Utility retained generation (URG); 2) DWR power purchased costs; 3) Renewable portfolio standard (RPS) costs; and 4) Spot market purchases. The staff first estimated quantities of electricity from each source, then projected the cost of that electricity. The result of these four components established the forecast of generation cost for the IOUs. Our methodology also reflected oversubscribed DWR contract purchases as negative spot market purchases. In essence, staff assumed that IOUs, on behalf of DWR, would sell excess generation on the spot market. Changes in generation cost were allocated to different customer classes using existing allocation methodology approved by the CPUC in Decision 01-03-082.

Staff derived URG hydro, nuclear and contracts generation costs and volumes from DWR and CPUC public documents. Staff modified these costs over the forecast period using inflation and projected cost of natural gas. For example, qualifying facility (QF) costs were split into fixed and variable components. Variable QF costs were adjusted over the forecast period for increases in the cost of natural gas.

Staff also reviewed DWR contract provisions to estimate fixed and variable energy costs and amounts over the duration of the contracts. To estimate future RPS quantities and costs for each utility, staff relied on public documents and data submitted to the CPUC under the current RPS proceeding. Once these costs and amounts were estimated, staff used the Multisym™ model and its own assumptions and inputs to project spot market prices and net short purchases.

Non-Generation Costs

Staff assumed that non-generation costs such as transmission, distribution and nuclear decommissioning currently in tariffs would remain constant through 2003 and increase with inflation during the rest of the outlook period. The staff is aware that the IOUs have filed general rate case applications with the CPUC to change some of these costs. However, the CPUC has not acted on them at this time.

The trust transfer amount (TTA) charge represents the cost of financing bonds needed to fund the ten percent rate reduction that residential and small commercial customers received during the rate freeze period. Residential and small commercial customers have the obligation to pay this charge to redeem the bonds. The charge would remain in these customers' bills through the year 2007. However, staff assumed that the ten percent rate reduction will expire beginning 2004, although the CPUC has not yet acted on this issue.

Current law (AB 995 and SB 1194) provides authority through the year 2012 for the collection of a non-bypassable system benefits charge to fund public purpose programs primarily dedicated to research development and demonstration, renewable energy resources and energy efficiency, and California Alternative Rates for Energy (CARE). This charge is currently included in the rates. Staff assumed that these programs would continue through the outlook period at current funding levels.

The CPUC authorized the IOUs to charge approximately 0.5 cents/kWh to redeem the bonds that the State of California issued to cover monies borrowed from the general fund to purchase energy on behalf of the IOUs during the energy crisis. These charges are included in the staff rate projections, as indicated in the **Appendix, Tables 1A-5C**.

RATE OUTLOOK 2003-2013

A comparison of the utility average electricity rates in **Tables 7-11** and **Appendix Tables 1A-5C** indicate a sizeable decrease for Edison and PG&E customers between 2003 and 2004 and smaller decrease for SDG&E customers. The main reason for this decrease is staff assumption that the IOUs will stop collecting surcharges to cover debt and undercollections incurred during the crisis. However, if the proposed settlement agreement between PG&E and the CPUC is approved, as negotiated by the staffs of the two institutions, the rate decrease for PG&E customers will be smaller than staff's projections. Energy Commission staff's estimate of rates for PG&E customers under the settlement agreement scenario and under staff assumptions' alternative scenario is listed in **Tables 7-11**. For example, rates for residential customers could drop by 1.9 cents/kWh under staff's assumptions by 2004, but only 0.4 cents/kWh under the agreement scenario. However, rates converge to similar levels by 2009 in both scenarios. Reductions in rates for other customer classes under the proposed agreement average 0.5 cents/kWh while under the Energy Commission staff's assumptions

approximate 4.0 cents/kWh. As with residential customers, rates for small and medium commercial as well as industrial customers converge to similar levels under both scenarios by 2009-2010.

Since surcharges do not apply to residential customers in the first two tiers and the ten percent rate reduction authorized at the beginning of restructuring is not expected to continue in 2004, although the CPUC has not yet made a decision on this issue, staff projects a decrease in average rates for PG&E residential customers of 1.9 cents/kWh. The settlement proposal, however, would only provide a 0.4 cents/kWh rate reduction in 2004. For Edison's residential customers the staff had projected a 1.5 cents/kWh decrease in 2004. However, the CPUC has approved a 0.8 cents/kWh decrease through Decision 03-07-029. For SDG&E's customers the staff projects a 0.8 cents/kWh rate reduction in 2004.

Rates after 2004 would increase gradually to cover costs of inflation and energy; though, the expiration of TTA charges in 2008 shows another six percent rate decrease for PG&E and Edison customers, as indicated in **Table 7**.

Table 7
IOU Residential Retail Electricity Price Outlook
Nominal cents/kWh

Year	CPUC/PG&E Settlement	PG&E	Edison	SDG&E	2001 GDP Deflator
2003	12.9	12.9	13.5	14.0	102.8
2004	12.5	11.0	12.0	13.2	106.6
2005	12.1	11.2	11.8	13.3	110.4
2006	11.8	11.2	11.9	13.3	114.3
2007	11.4	11.3	12.0	13.4	116.9
2008	11.1	10.6	11.3	12.3	119.2
2009	10.8	10.8	11.5	12.5	121.4
2010	10.5	10.7	11.6	12.7	123.6
2011	10.2	10.8	11.6	12.8	126.0
2012	9.9	10.9	11.4	12.6	128.6
2013	9.6	11.2	11.7	12.9	131.3

Note: The CPUC approved (D.03-07-029) Edison Residential rate of **12.7 c/KWh** effective 9/01/03-9/01/04.

Sources: CPUC staff/PG&E June 19, 2003 Proposed Settlement Agreement, CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement, June 19, 2003. Utilities and Energy Commission staff, several documents.

Table 8 indicates staff's rate projections for small commercial customers though the outlook period. It also shows staff's estimates to PG&E customers under the proposed settlement agreement scenario. PG&E customers would receive up to 3.7 cent/kWh rate decrease in 2004 under staff's assumptions scenario, but only 0.5 cent/kWh under the settlement scenario. The staff had estimated a 3.0 cent/kWh rate decrease in 2004 for Edison's small commercial customers, but they will receive over 4.0 cent/kWh rate decrease on September

1, 2003, based on the July 10, 2003 CPUC Decision D 03-07-029. As with residential customers, staff expects the ten percent rate reduction approved by the State Legislature at the beginning of restructuring to expire in 2004, but the CPUC has not yet made a decision on this issue. Staff rate projections for small commercial customers show a decrease of approximately four percent in late 2008 due to the expiration of TTA charges.

Table 8
IOU Small Commercial Retail Electricity Price Outlook
(Nominal Cents/kWh)

Year	CPUC/PG&E Settlement	PG&E	Edison	SDG&E	2001 GDP Deflator
2003	19.5	19.5	18.7	17.1	102.8
2004	19.0	15.8	15.7	16.2	106.6
2005	18.5	16.1	15.2	16.3	110.4
2006	18.1	16.1	15.4	16.2	114.3
2007	17.6	16.4	15.6	16.4	116.9
2008	17.2	15.9	14.9	15.1	119.2
2009	16.7	16.1	15.1	15.3	121.4
2010	16.3	15.9	15.3	15.6	123.6
2011	15.9	16.1	15.2	15.7	126.0
2012	15.5	16.3	14.9	15.3	128.6
2013	15.1	16.7	15.3	15.8	131.3

Note: The CPUC approved (D.03-07-029) Edison Small Commercial rate of **14.3 c/KWh** effective 9/01/03-9/01/04.

Sources: CPUC staff/PG&E June 19, 2003 Proposed Settlement Agreement, CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement, June 19, 2003. Utilities and CEC staff, several documents

Table 9 shows staff's projections for medium commercial customers. Electricity rates for these customers indicate a large drop in rates in 2004 due to the drop of energy surcharges, as the CEC staff assumed for its projections. Rates for PG&E customers, however, could only decline by 0.4 cent/kWh, if the settlement agreement is approved as proposed by the CPUC and PG&E staff. Edison customers, on the other hand, will receive a 2.5 cents/kWh rate decrease under CPUC D 03- 07-029 in 2004 rather than a 3.9 cent/kWh projected by staff. For SDG&E customers the staff projects a 1.0 cent/KWh rate decrease. Rates after 2004 would remain at constant levels through the outlook period, except for PG&E's customers under the settlement proposal, which will continue to decline through 2013.

Table 9
IOU Medium Commercial Retail Electricity Price Outlook
(Nominal cents/kWh)

Year	CPUC/PG&E Settlement	PG&E	Edison	SDG&E	2001 GDP Deflator
2003	14.4	14.4	15.8	13.2	102.8
2004	14.0	10.9	11.9	12.2	106.6
2005	13.5	11.0	11.5	12.2	110.4
2006	13.0	10.9	11.7	12.2	114.3
2007	12.6	11.0	11.9	12.4	116.9
2008	12.1	10.4	12.0	12.1	119.2
2009	11.7	10.6	12.2	12.2	121.4
2010	11.3	10.4	12.3	12.4	123.6
2011	10.9	10.5	12.3	12.4	126.0
2012	10.5	10.5	11.9	12.1	128.6
2013	10.1	10.8	12.2	12.5	131.3

Note: The CPUC approved (D.03-07-029) Edison Medium Commercial rate of **13.3 c/KWh** effective 9/01/03-9/01/04.

Sources: CPUC staff/PG&E June 19, 2003 Proposed Settlement Agreement, CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement, June 19, 2003.

Utilities and CEC staff, several documents.

Table 10 indicates rate projections for industrial customers. PG&E customers would receive up to 4.5 cents/kWh rate decrease in 2004 and no decreases thereafter under staff's assumptions scenario. However, the proposed settlement agreement would only provide 0.4 cents/KWh in 2004, but continuous decrease through the outlook period. For SDG&E customers the decrease would be in the 1.3 cents/KWh range in 2004 and constant rates afterward.

Table 10
IOU Industrial Retail Electricity Price Outlook
(Nominal cents/kWh)

Year	CPUC/PG&E Settlement	PG&E	Edison	SDG&E	2001 GDP Deflator
2003	12.4	12.4	12.2	12.5	102.8
2004	12.0	7.9	8.6	11.2	106.6
2005	11.7	7.9	8.2	11.3	110.4
2006	11.4	7.8	8.3	11.2	114.3
2007	11.0	8.0	8.4	11.4	116.9
2008	10.7	8.1	8.5	11.1	119.2
2009	10.4	8.2	8.6	11.2	121.4
2010	10.1	8.0	8.7	11.4	123.6
2011	9.8	8.0	8.5	11.4	126.0
2012	9.5	8.0	8.2	11.0	128.6
2013	9.2	8.2	8.4	11.4	131.3

Note: The CPUC approved (D.03-07-029) Edison Industrial rate of **11.3 c/kWh** effective 9/01/03-9/01/04.

Sources: CPUC staff/PG&E June 19, 2003 Proposed Settlement Agreement
CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement, June 19, 2003.
Utilities and CEC staff, several documents.

Table 11 indicates staff's rate projections for agricultural customers under staff's assumptions and proposed settlement agreement scenarios. Rates for PG&E agricultural customers are currently up to 20 cents/kWh. A drop in debt-related surcharges would decrease rates by approximately five cents/kWh under staff's assumptions scenario in 2004, but only 0.5 cent/kWh under the settlement proposed. However, rates under the settlement proposal will continue to decline through the outlook period. Although rates for Edison are lower than PG&E's rates, the staff had projected a 3.2 cent/kWh rate drop for agricultural customers in 2004. However, CPUC Decision 03-07-029 keeps rates constant for these customers. SDG&E customers, on the other hand, could receive a rate decrease of up to one cent/kWh. Rates for all IOU customers remain constant after 2004 under staff's assumptions, but continue to decline under the PG&E's settlement.

Table 11
IOU Agricultural Retail Electricity Price Outlook
(Nominal cents/kWh)

Year	CPUC/PG&E Settlement	PG&E	Edison	SDG&E	2001 GDP Deflator
2003	19.7	19.7	13.5	15.8	102.8
2004	19.2	14.3	10.3	14.9	106.6
2005	18.6	14.5	9.9	15.1	110.4
2006	18.1	14.6	10.1	15.2	114.3
2007	17.5	14.8	10.3	15.4	116.9
2008	17.0	15.1	10.4	15.2	119.2
2009	16.5	15.3	10.5	15.4	121.4
2010	16.0	15.1	10.6	15.6	123.6
2011	15.6	15.3	10.6	15.7	126.0
2012	15.1	15.4	10.3	15.4	128.6
2013	14.6	15.8	10.5	15.8	131.3

Note: The CPUC approved (D.03-07-029) Edison Agricultural rate of **13.6 c/KWh** effective 9/01/03-9/01/04.

Sources: CPUC staff/PG&E June 19, 2003 Proposed Settlement Agreement, CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement, June 19, 2003. Utilities and CEC staff, several documents.

The **Appendix, Tables 1A-5C** show Energy Commission staff projections of each rate component through 2013. As indicated above, staff assumed that the CPUC would keep existing methodology and rate structures to allocate revenues to customers throughout the 2003-2013 outlook period. In addition, staff assumed that debt-related surcharges will be dropped in 2004.

The “**CEC Staff Rate Forecast**” line in PG&E’s **Tables 1A, 2A, 3A, 3A and 5A** of **Appendix** includes all the charges. The “**CPUC Staff/PG&E Settlement**” line indicates CEC staff estimates of rates resulting from a potential CPUC approval of the current proposed settlement agreement. Rates under staff’s assumptions scenario decline drastically in 2004 and slightly increase for the rest of the outlook period. In contrast, rates for PG&E customers under the proposed settlement scenario slightly decline each year through 2013.

The “**CEC Staff Rate Forecast**” line in **Tables 2A, 2B, 3B, 4B and 5B** of **Appendix** likewise show all the charges in Edison’s rates. The “**CPUC Approved Rates**” line, on the other hand, indicates rates approved by the CPUC in Decision 03-07-029.

ELECTRICITY RATES AND BILLS - CALIFORNIA VS. WESTERN STATES

California's electricity consumers currently face considerably higher rates than consumers in other Western states. Residential, commercial, and industrial consumers pay as much as 53, 110 and 117 percent more in electricity rates in California than similar consumers in other Western states. Although this trend will likely decline in 2004, rates could still be 37, 58 and 47 percent higher for California's residential, commercial, and industrial users, as indicated in **Table 12**. However, if the CPUC approves the proposed settlement agreement for PG&E, rate decreases for California customers will not be as large.

Table 12
Retail Electricity Rates in California
and Other Western States
(Nominal Cents/kWh)

Year	2002	2003	2004
	Residential		
CA	12.9	12.3	11.3
Western US	7.8	8.0	8.3
% Difference	67%	53%	37%
	Commercial		
CA	12.8	15.0	12.1
Western US	6.9	7.1	7.7
% Difference	85%	110%	58%
	Industrial		
CA	8.2	11.0	8.0
Western US	4.9	5.0	5.4
% Difference	68%	117%	47%

Note: California includes IOU and municipal rates displayed in "**California Municipal Utilities Retail Price Outlook 2003-2007**"

Source: EIA and CEC staff. Western States include Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, Oregon, and Washington.

Although California's commercial and industrial consumers use as much electricity as similar consumers in other Western states, residential consumers in California use much less than their counterparts. Residential consumers in California currently pay 53 percent higher rates but similar bills than consumers in other Western states. Furthermore, if a rate decrease projection for California's consumers materializes next year, a residential consumer in California would pay 14 percent lower electricity bill as its counterpart in other states, **Table 13**. However, this percentage will be smaller if the CPUC approves the proposed PG&E settlement agreement in its current form.

California's commercial consumers, on the other hand, pay more than double in rates and bills than similar consumers in other states. Although the trend declines next year, the burden

for commercial customers remains high. Alternatively, California industrial consumers fare relatively better than commercial customers, but still face high bills. Current electricity bills for California' industrial customers are approximately 67 percent higher than bills for customers of other Western states. These bills could decline to be only 13 percent higher next year, **Table 13**. Although this is encouraging, rates and bills will remain high, although slightly declining each year.

Table 13
Retail Electricity Bills in California and
Other Western States
(Nominal \$/kWh)

Year	2002	2003	2004
Residential			
CA	\$68	\$64	\$60
Western US	\$63	\$65	\$69
% Difference	8%	-1%	-14%
Commercial			
CA	\$664	\$776	\$625
Western US	\$284	\$292	\$314
% Difference	134%	166%	99%
Industrial			
CA	\$3,917	\$18,504	\$13,442
Western US	\$10,783	\$ 11,083	\$11,908
% Difference	29%	67%	13%

Note: California includes IOU and municipal rates displayed in "**California Municipal Utilities Retail Price Outlook 2003-2007**"

Source: EIA and CEC staff. Western States include Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, Oregon, and Washington.

APPENDIX

Table 1A
PG&E Residential Electricity Rate Components
Outlook 2003 – 2013
(Nominal Cents/kWh)

PG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.50	0.54	0.56	0.57	0.59	0.60	0.61	0.62	0.63	0.65	0.66
Distribution	3.99	4.26	4.41	4.56	4.67	4.76	4.85	4.94	5.03	5.14	5.25
Public Purpose Programs	0.43	0.43	0.43	0.43	0.43	0.43	0.44	0.44	0.44	0.44	0.44
Nuclear Decommissioning	0.05	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06
TTA	1.12	1.05	0.98	0.92	0.86	-	-	-	-	-	-
Reliability	0.36	0.38	0.39	0.41	0.41	0.42	0.43	0.44	0.45	0.46	0.47
NonGen Total	6.46	6.71	6.83	6.95	7.02	6.28	6.38	6.49	6.61	6.74	6.87
Generation	5.75	3.82	3.83	3.75	3.82	3.89	3.93	3.75	3.77	3.75	3.88
10% Rate Reduction	-1.22	-	-	-	-	-	-	-	-	-	-
Energy Surcharges	1.46	-	-	-	-	-	-	-	-	-	-
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
Generation+Surcharges	7.63	4.33	4.33	4.22	4.29	4.35	4.38	4.19	4.20	4.16	4.29
CEC Staff Rate Forecast	12.87	11.04	11.15	11.17	11.31	10.62	10.77	10.68	10.81	10.90	11.16
CPUC Staff/PG&E Settlement (1)	12.87	12.50	12.14	11.79	11.45	11.12	10.79	10.48	10.18	9.88	9.59
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: (1) CEC staff estimated rates based on the CPUC/ PG&E staff negotiated Settlement Agreement.
Sources: CPUC/PG&E staff June 19, 2003 Proposed Settlement Agreement
CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement , June 19, 2003
CPUC, Utilities and CEC staff, several documents

Table 1B
Edison Residential Electricity Rate Components
Outlook 2003 – 2013
(Nominal Cents/kWh)

Edison	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.40	0.42	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52
Distribution	3.75	4.00	4.14	4.28	4.38	4.47	4.55	4.63	4.72	4.82	4.92
Nuclear Decommissioning	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
TRBAA	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06
PURCF	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
TTA	1.13	1.06	0.99	0.92	0.85	-	-	-	-	-	-
Basic Charge (\$kWh)	0.20	0.21	0.22	0.23	0.23	0.24	0.24	0.24	0.25	0.25	0.26
NonGen Total	5.85	6.06	6.16	6.25	6.30	5.55	5.65	5.75	5.86	5.97	6.09
Generation	8.47	5.47	5.11	5.17	5.26	5.32	5.36	5.44	5.33	5.03	5.20
DWR Bond surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
10% Rate Reduction	-1.28	-	-	-	-	-	-	-	-	-	-
CEC Staff Rate Forecast	13.46	12.04	11.76	11.90	12.03	11.32	11.47	11.63	11.62	11.42	11.70
CPUC Approved Rates (1)		12.66	-	-	-	-	-	-	-	-	-
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: (1) The CPUC approved (D.03-07-029) Residential rate of **12.66 c/kWh** effective September 1, 2003 to September 1, 2004.

Sources: CPUC, Utilities and CEC staff, several documents

Table 1C
SDG&E Residential Electricity Rate Components
Outlook 2003 – 2013
(Nominal Cents/kWh)

SDG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.67	0.71	0.74	0.76	0.78	0.79	0.81	0.82	0.84	0.86	0.88
Distribution	4.37	4.66	4.83	5.00	5.11	5.21	5.31	5.41	5.51	5.63	5.74
Nuclear Decommissioning	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.36	0.36
TTA	1.24	1.15	1.07	1.00	0.92	-	-	-	-	-	-
Restructure	0.08	0.08	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.10	0.10
NonGen Total	6.78	7.03	7.15	7.28	7.34	6.53	6.65	6.77	6.89	7.03	7.17
Generation	6.01	4.84	4.81	4.67	4.73	4.46	4.49	4.60	4.55	4.21	4.41
CTC	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
RMR	0.54	0.56	0.58	0.60	0.61	0.63	0.64	0.65	0.66	0.68	0.69
Gen+CTC+RMR	6.80	5.65	5.64	5.52	5.60	5.34	5.38	5.50	5.46	5.14	5.35
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	14.00	13.19	13.28	13.27	13.40	12.32	12.48	12.71	12.77	12.58	12.93
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Sources: CPUC, Utilities and CEC staff, several documents

Table 2A
PG&E Small Commercial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

PG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.49	0.53	0.55	0.56	0.58	0.59	0.60	0.61	0.62	0.64	0.65
Distribution	6.13	6.54	6.77	7.01	7.17	7.31	7.45	7.58	7.73	7.89	8.05
Public Purpose Programs	0.47	0.47	0.47	0.47	0.47	0.47	0.48	0.48	0.48	0.48	0.48
Nuclear Decommissioning	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07
TTA	1.00	0.94	0.88	0.82	0.76	-	-	-	-	-	-
Reliability	0.38	0.39	0.41	0.42	0.43	0.44	0.45	0.45	0.46	0.47	0.48
Nongen Total	8.53	8.92	9.14	9.35	9.48	8.88	9.03	9.19	9.36	9.54	9.73
Generation	6.61	6.42	6.43	6.29	6.41	6.53	6.59	6.29	6.34	6.29	6.52
Energy Surcharges	5.49	-	-	-	-	-	-	-	-	-	-
10% Credit	-1.57	-	-	-	-	-	-	-	-	-	-
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
Generation+Surcharges	12.52	6.92	6.93	6.76	6.88	6.99	7.05	6.73	6.76	6.71	6.92
CEC Staff Rate Forecast	19.48	15.85	16.06	16.11	16.35	15.86	16.08	15.92	16.12	16.25	16.66
CPUC Staff/PG&E Settlement (1)	19.48	19.00	18.52	18.05	17.59	17.15	16.72	16.30	15.90	15.50	15.12
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: (1) CEC staff estimated rates based on the CPUC/ PG&E staff negotiated Settlement Agreement.

Sources: CPUC/PG&E staff June 19, 2003 Proposed Settlement Agreement

CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement , June 19, 2003

CPUC, Utilities and CEC staff, several documents

Table 2B
Edison Small Commercial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

Edison	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.44	0.47	0.49	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58
Distribution	4.47	4.76	4.93	5.11	5.22	5.33	5.42	5.53	5.63	5.75	5.87
Nuclear Decommissioning	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.09	0.09	0.09	0.09
Public Purpose Programs	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.37	0.37
TRBAA	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06
TTA	1.20	1.12	1.05	0.97	0.90	-	-	-	-	-	-
PUCRF	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Nongen Total	6.50	6.75	6.86	6.98	7.04	6.26	6.37	6.48	6.60	6.73	6.86
Generation	13.02	8.41	7.86	7.95	8.08	8.17	8.24	8.36	8.20	7.73	7.99
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
10% Credit	-1.25	-	-	-	-	-	-	-	-	-	-
CEC Staff Rate Forecast	18.69	15.66	15.21	15.41	15.60	14.88	15.06	15.27	15.22	14.87	15.26
CPUC Approved Rates (1)		14.29	-	-	-	-	-	-	-	-	-
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: The CPUC approved (D.03-07-029) Small Commercial rate of **14.29 c/KWh** effective September 1, 2003, September 1, 2004.

Sources: CPUC, Utilities and CEC staff, several documents

Table 2C
SDG&E Small Commercial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

SDG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.71	0.75	0.78	0.81	0.82	0.84	0.86	0.87	0.89	0.91	0.93
Distribution	4.69	5.00	5.17	5.35	5.48	5.58	5.69	5.79	5.91	6.03	6.15
Nuclear Decommissioning	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
TTA	1.31	1.21	1.13	1.05	0.97	-	-	-	-	-	-
Restructuring	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Nongen Total	7.22	7.49	7.61	7.75	7.82	6.97	7.09	7.22	7.35	7.50	7.65
CTC	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86
RMR	0.57	0.59	0.61	0.63	0.65	0.66	0.67	0.69	0.70	0.71	0.73
Energy	8.03	6.73	6.69	6.49	6.58	6.20	6.24	6.40	6.32	5.86	6.14
Generation (CTC,RMR,Energy)	9.45	8.18	8.16	7.98	8.09	7.72	7.77	7.94	7.88	7.43	7.73
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	17.09	16.17	16.26	16.21	16.37	15.15	15.32	15.60	15.66	15.34	15.78
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Sources: CPUC, Utilities and CEC staff, several documents

Table 3A
PG&E Medium Commercial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

PG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.50	0.54	0.56	0.57	0.59	0.60	0.61	0.62	0.63	0.65	0.66
Distribution	2.43	2.59	2.69	2.78	2.84	2.90	2.95	3.01	3.07	3.13	3.19
Public Purpose Programs	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
FTA	1.00	0.94	0.88	0.82	0.76	-	-	-	-	-	-
Nuclear Decommissioning	0.04	0.04	0.04	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Reliability	0.45	0.47	0.49	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58
Total Non-generation	4.81	4.96	5.03	5.11	5.14	4.46	4.53	4.61	4.69	4.78	4.87
Generation	4.77	5.43	5.44	5.32	5.42	5.53	5.58	5.32	5.36	5.32	5.51
Surcharges	5.47	-	-	-	-	-	-	-	-	-	-
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
Generation +Surcharges	10.66	5.94	5.94	5.80	5.89	5.98	6.03	5.76	5.78	5.74	5.92
10 Percent Reduction	-1.02	-	-	-	-	-	-	-	-	-	-
CEC Staff Rate Forecast	14.45	10.90	10.97	10.90	11.03	10.44	10.56	10.37	10.48	10.52	10.79
CPUC Staff/PG&E Settlement (1)	14.45	13.96	13.49	13.02	12.56	12.12	11.69	11.27	10.87	10.47	10.09
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: (1) CEC staff estimated rates based on the CPUC/ PG&E staff negotiated Settlement Agreement.

Sources: CPUC/PG&E staff June 19, 2003 Proposed Settlement Agreement

CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement , June 19, 2003

CPUC, Utilities and CEC staff, several documents

Table 3B
Edison Medium Commercial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

Edison	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.45	0.48	0.49	0.51	0.52	0.53	0.54	0.55	0.56	0.58	0.59
Distribution	2.79	2.98	3.08	3.19	3.26	3.33	3.39	3.45	3.52	3.59	3.67
Nuclear Decommissioning	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07
Public Purpose Programs	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.30	0.30	0.30	0.30
TRBAA	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06
PUCRF	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total Non-generation	3.53	3.75	3.88	4.00	4.09	4.17	4.24	4.31	4.39	4.48	4.57
Generation	11.83	7.64	7.13	7.22	7.34	7.42	7.48	7.59	7.45	7.02	7.26
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	15.78	11.89	11.50	11.70	11.90	12.04	12.18	12.34	12.26	11.91	12.23
CPUC Approved Rates (1)		13.31	-	-	-	-	-	-	-	-	-
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: The CPUC approved (D.03-07-029) Medium Commercial rate of **13.31 c/KWh** effective September 1, 2003 to September 1, 2004
Sources: CPUC, Utilities and CEC staff, several documents

Table 3C
SDG&E Medium Commercial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

SDG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.61	0.65	0.68	0.70	0.72	0.73	0.74	0.76	0.77	0.79	0.81
Distribution	2.71	2.89	3.00	3.10	3.17	3.23	3.29	3.36	3.42	3.49	3.56
Nuclear Decommissioning	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.21	0.21	0.21	0.21
Restructuring Implementation	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Total Non-generation	3.66	3.89	4.02	4.15	4.25	4.33	4.40	4.48	4.56	4.65	4.75
Energy	7.86	6.49	6.44	6.26	6.34	5.98	6.02	6.17	6.09	5.65	5.92
CTC	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
RMR	0.50	0.52	0.54	0.56	0.57	0.58	0.59	0.60	0.62	0.63	0.64
Energy+CTC+RMR	9.11	7.76	7.73	7.56	7.66	7.31	7.36	7.52	7.46	7.02	7.31
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	13.19	12.15	12.24	12.19	12.38	12.09	12.21	12.44	12.45	12.09	12.46
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Sources: CPUC, Utilities and CEC staff, several documents

Table 4A
PG&E Industrial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

PG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.31	0.33	0.34	0.35	0.36	0.36	0.37	0.38	0.39	0.39	0.40
Distribution	0.99	1.06	1.10	1.14	1.16	1.18	1.21	1.23	1.25	1.28	1.31
Public Purpose Programs	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Nuclear Decommissioning	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.04
Reliability	0.28	0.29	0.30	0.31	0.32	0.32	0.33	0.34	0.34	0.35	0.36
Total Non-generation	1.91	2.00	2.07	2.13	2.17	2.21	2.24	2.28	2.32	2.36	2.40
Generation	5.02	5.34	5.36	5.24	5.34	5.44	5.49	5.24	5.28	5.24	5.43
Energy Surcharges	5.06	-	-	-	-	-	-	-	-	-	-
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
Generation+Surcharges	10.49	5.85	5.85	5.71	5.81	5.89	5.94	5.68	5.70	5.66	5.83
CEC Staff Rate Forecast	12.40	7.86	7.92	7.84	7.98	8.10	8.19	7.96	8.02	8.02	8.24
CPUC Staff/PG&E Settlement (1)	12.40	12.04	11.70	11.36	11.02	10.70	10.39	10.08	9.78	9.49	9.21
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: (1) CEC staff estimated rates based on the CPUC/ PG&E staff negotiated Settlement Agreement.

Sources: CPUC/PG&E staff June 19, 2003 Proposed Settlement Agreement

CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement , June 19, 2003

CPUC, Utilities and CEC staff, several documents

Table 4B
Edison Industrial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

Edison	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.34	0.36	0.37	0.38	0.39	0.40	0.41	0.41	0.42	0.43	0.44
Distribution	0.68	0.72	0.75	0.78	0.79	0.81	0.83	0.84	0.86	0.87	0.89
Nuclear Decommissioning	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Public Purpose Programs	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
TRBAA	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08
PUCRF	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total Non-generation	1.15	1.22	1.26	1.30	1.33	1.35	1.38	1.40	1.43	1.45	1.48
Generation	10.62	6.86	6.41	6.48	6.59	6.66	6.72	6.81	6.69	6.30	6.52
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	12.19	8.59	8.16	8.26	8.39	8.47	8.55	8.65	8.54	8.17	8.41
CPUC Approved Rates (1)		11.29	-	-	-	-	-	-	-	-	-
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: The CPUC approved (D.03-07-029) Industrial rate of **11.29 c/kWh** effective September 1, 2003 to September 1, 2004.

Sources: CPUC, Utilities and CEC staff, several documents

Table 4C
SDG&E Industrial Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

SDG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.49	0.52	0.54	0.56	0.57	0.58	0.59	0.60	0.61	0.63	0.64
Distribution	2.20	2.35	2.43	2.51	2.57	2.62	2.67	2.72	2.77	2.83	2.89
Nuclear Decommissioning	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.31	0.31
Restructuring	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Total Non-generation	3.12	3.31	3.42	3.52	3.60	3.66	3.73	3.79	3.86	3.93	4.01
Energy	7.86	6.36	6.31	6.13	6.21	5.86	5.89	6.04	5.97	5.53	5.80
CTC	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
RMR	0.40	0.42	0.43	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52
Energy+RMR+CTC	8.92	7.43	7.41	7.24	7.33	6.98	7.03	7.19	7.13	6.70	6.97
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	12.47	11.25	11.31	11.24	11.40	11.10	11.21	11.41	11.41	11.04	11.39
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Sources: CPUC, Utilities and CEC staff, several documents

Table 5A
PG&E Agricultural Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

PG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.40	0.43	0.44	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53
Distribution	5.16	5.50	5.69	5.89	6.03	6.14	6.26	6.38	6.50	6.63	6.77
Public Purpose Programs	0.65	0.65	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Nuclear Decommissioning	0.08	0.09	0.09	0.09	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Reliability	0.36	0.37	0.39	0.40	0.41	0.42	0.43	0.43	0.44	0.45	0.46
Total Non-generation	6.66	7.04	7.27	7.50	7.66	7.80	7.93	8.06	8.21	8.36	8.52
Generation	8.36	6.72	6.74	6.59	6.71	6.84	6.91	6.59	6.64	6.59	6.82
Energy Surcharges	4.31	-	-	-	-	-	-	-	-	-	-
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
Gen+Surcharges	13.09	7.23	7.23	7.06	7.18	7.30	7.36	7.03	7.06	7.01	7.23
CEC Staff Rate Forecast	19.75	14.27	14.50	14.56	14.84	15.09	15.29	15.09	15.27	15.37	15.76
CPUC Staff/PG&E Settlement (1)	19.75	19.18	18.62	18.07	17.54	17.02	16.51	16.03	15.55	15.09	14.64
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: (1) CEC staff estimated rates based on the CPUC/ PG&E staff negotiated Settlement Agreement.

Sources: CPUC/PG&E staff June 19, 2003 Proposed Settlement Agreement

CPUC staff projections in Key Provisions of CPUC-PG&E Proposed Settlement , June 19, 2003

CPUC, Utilities and CEC staff, several documents

Table 5B
Edison Agricultural Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

Edison	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.13	0.14	0.15	0.15	0.15	0.16	0.16	0.16	0.17	0.17	0.17
Distribution	2.63	2.80	2.91	3.01	3.07	3.14	3.19	3.25	3.32	3.38	3.46
Nuclear Decommissioning	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
TRBAA	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07
PUCRF	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total Non-generation	3.12	3.30	3.41	3.52	3.60	3.66	3.73	3.79	3.86	3.93	4.01
Generation	10.00	6.45	6.03	6.10	6.21	6.27	6.33	6.41	6.29	5.93	6.13
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	13.54	10.27	9.94	10.10	10.27	10.39	10.50	10.64	10.57	10.28	10.55
CPUC Approved Rates (1)		13.59	-	-	-	-	-	-	-	-	-
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Note: The CPUC approved (D.03-07-029) Agricultural rate of **13.59 c/KWh** effective September 1, 2003 to September 1, 2004.
Sources: CPUC, Utilities and CEC staff, several documents

Table 5C
SDG&E Agricultural Electricity Rate Components
Outlook 2003-2013
(Nominal Cents/kWh)

SDG&E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transmission	0.75	0.80	0.83	0.86	0.88	0.89	0.91	0.93	0.95	0.96	0.98
Distribution	4.93	5.26	5.45	5.64	5.77	5.88	5.99	6.10	6.22	6.34	6.48
Nuclear Decommissioning	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.09
Public Purpose Programs	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39
Restructuring	0.09	0.09	0.10	0.10	0.10	0.10	0.11	0.11	0.11	0.11	0.12
Total Non-generation	6.14	6.52	6.74	6.96	7.11	7.24	7.37	7.50	7.63	7.78	7.94
Energy Cost	7.91	6.58	6.53	6.34	6.43	6.06	6.10	6.25	6.18	5.72	6.00
CTC	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
RMR	0.61	0.63	0.65	0.67	0.69	0.70	0.72	0.73	0.74	0.76	0.77
Total Generation	9.23	7.92	7.90	7.73	7.84	7.48	7.53	7.70	7.64	7.20	7.49
DWR Bond Surcharge	0.42	0.51	0.49	0.48	0.47	0.45	0.45	0.44	0.42	0.41	0.41
CEC Staff Rate Forecast	15.79	14.95	15.13	15.17	15.41	15.17	15.35	15.63	15.70	15.40	15.84
2001 GDP Deflator	1.03	1.07	1.10	1.14	1.17	1.19	1.21	1.24	1.26	1.29	1.31

Sources: CPUC, Utilities and CEC staff, several documents